



COUNCIL MINUTES

March 26, 2009

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on March 26, 2009 at 7:30 a.m.

COUNCIL PRESENT

Mayor Scott Smith
Alex Finter
Dina Higgins
Kyle Jones
Dennis Kavanaugh
Dave Richins
Scott Somers

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Linda Crocker

1. Hear a presentation, discuss and provide direction on budget issues including, but not limited to:

- a. Solid Waste Management issues, including operations, budget and the Recycle Bank Pilot Program.

Solid Waste Management Department Director Willie Black introduced Management Assistant Scott Butler, who was prepared to assist with the presentation.

Mr. Black displayed a PowerPoint presentation (**See Attachment 1**) and reported that the mission of the Solid Waste Department is to provide excellence in the delivery of solid waste services to Mesa's residents, businesses and visitors. He briefly reviewed various Solid Waste programs and services including, but not limited to, curbside collection service, front-load trash and recycling bin service, roll-off collection service, green waste disposal, household hazardous waste collection events, and Clean Sweep/Green Sweep.

Mr. Black offered a brief statistical analysis of trash tonnage trends between July and January of FY 06/07 as compared to the same time period in FY 08/09. He explained that there was an 11% decline in front-load trash tonnage, an 8% decline in residential trash tonnage and a .2% decrease in residential recycling tonnage. Mr. Black also advised that there has been no significant increase or decrease in customer accounts. He added that the Department has been able to manage expenses and remain under budget.

Discussion ensued relative to various FY 08/09 operational adjustments (i.e., the reduction of four residential and five commercial routes, the conversion of single-sided collection in all of Mesa's mobile home parks); the City's landfill capacity and the rates associated with Mesa's five

landfill contracts; the fact that the Salt River Landfill recently obtained approval from the Environmental Protection Agency (EPA) to implement bioreactor technology, which could increase the site's capacity to 2022; and that the Department implemented several FY 08/09 and FY 09/10 budget reductions, such as the elimination of ten positions and a reduction of trucks in its fleet, for a total savings of \$1,289,380.

Mr. Black further advised that the Solid Waste Department's FY 09/10 budget forecast includes \$47.3 million in revenue and \$29.8 million in expenses, for a net income of \$17.4 million. He stated that there was a dramatic decrease in recycling revenue from FY 07/08 to FY 08/09 and estimated the impact to recycling revenues to be \$400,000 less this year than what was anticipated.

Mr. Black also remarked that throughout the year, operational efficiencies have contained costs and said that as a result, the Department recommends passing along those savings to the customers and not implementing a rate increase for the FY 09/10 budget.

Further discussion ensued relative to the fact that the City of Mesa will partner with the Recycle Bank in a six-month pilot program to reward customers for recycling; that a microchip would be attached to the blue barrels of the households participating in the program, which would enable the recycling truck to record the weight of the recycled material; and that customers would earn points (based on the weight in the barrel), which would be redeemed through the Recycle Bank website.

Councilmember Kavanaugh acknowledged the partnership between the Solid Waste Department and the East Valley Institute of Technology (EVIT) in bringing recyclable collection to the campus.

Additional discussion ensued relative to a benchmarking process for residential trash and recycle collection using a cost model developed by the City of Phoenix.

Councilmember Higgins inquired if staff could research possible benefits to Solid Waste customers who use SurePay.

Mayor Smith thanked staff for the presentation.

2. Hear a presentation, discuss and provide direction on the Budget Update and Forecast.

Deputy City Manager Bryan Raines and Budget Director Chuck Odom addressed the Council relative to this agenda item.

Mr. Odom displayed a PowerPoint presentation (**See Attachment 2**) to provide an update of last November's budget forecast which, because of a significant drop in the City's revenue streams for the fiscal year, resulted in adjustments to FY 08/09 and FY 09/10 expenditure levels.

Mr. Odom referred to a chart listing General Fund Revenues (Page 1 of Attachment 2), which now includes Quality of Life revenues, and explained that the City anticipates a weakening of approximately \$3.3 million in the ongoing normal revenue streams.

Mr. Odom also displayed a document entitled "Other General Fund Revenues" (Page 2 of Attachment 2), which includes grants and the sale of City property, and said that those revenues have somewhat offset the General Fund weakening. He noted that the City received \$2.4 million in Homeland Security Grants that are earmarked for specific capital items or ongoing operational projects. Mr. Odom added that this fiscal year, the City sold two properties for \$12.1 million, but cautioned that the proceeds are one-time revenue.

Mayor Smith expressed concern that the asset sales are included in the forecast revenue. He also stated that it is important for the Council and staff to address future land sale proceeds, for instance, in Pinal County and revisit the manner in which the forecasts are treated.

City Manager Christopher Brady responded that staff has already addressed the Mayor's concerns and explained that staff has removed that element as far as a reliance upon an ongoing revenue stream in the Utilities models. He acknowledged that it creates impacts to the fund balances, but said that staff is attempting to manage it out through the forecast period.

Mayor Smith stated the opinion that the proceeds from the sale of City assets should be applied toward other assets or debt reduction, but not used for operational costs.

Mr. Odom further noted that there has been a 50% reduction in impact fee revenues this fiscal year based on what has occurred in the commercial market. He advised that those revenues were programmed to cover debt service and said that the General Fund and Enterprise Fund would be impacted by the loss of revenue.

Mr. Brady clarified that impact fee revenues are used for capital projects that are building new capacity. He stated that with growth having slowed down significantly and the City not receiving the anticipated impact fees, that scenario has "shifted the pressure" on the payment of debt service.

Mr. Odom also referenced a chart outlining Expenditure Reductions in the General Fund (Page 3 of Attachment 2) and reported that Full Time Employee (FTE) reductions would be lower due to the change in the Municipal Security outsourcing plans as well as sworn Public Safety attrition patterns and grant considerations.

Mr. Odom, in addition, highlighted a series of graphs contained in the PowerPoint presentation illustrating General Fund sales tax revenues, State shared revenues, building permit revenues, court fine revenues, local streets sales tax, and Highway User Revenue Fund (HURF).

Discussion ensued relative to additional budget issues for consideration including, but not limited to, the restoration of employee salary reductions and merit increases; the upcoming implementation of a secondary property tax for newly issued General Obligation (G.O.) Bond debt; and ongoing fluctuation in the economy.

Mr. Odom concluded his presentation by reviewing the FY 09/10 budget timelines (Page 8 of Attachment 2), including the upcoming Study Session presentations, the adoption of the Tentative Budget, the introduction of Utility Rate ordinances, and the public hearings and adoption of the FY 09/10 budget, 5-Year CIP, utility rates and secondary property tax rate.

Mayor Smith expressed appreciation to staff for their efforts and hard work.

3. Hear a presentation and discuss the extension of Light Rail.

Deputy Transportation Director Mike James introduced Richard Simonetta, Chief Executive Officer of METRO, Marc Soronson, METRO's Corridor Planning Manager, and Wulf Grote, Director of Project Development for METRO, who were prepared to address the Council relative to this item.

Mr. Simonetta displayed a PowerPoint presentation (**See Attachment 3**) and reported that in December 2008, the first 20-miles of METRO's light rail line opened in the Phoenix area. He explained that METRO is pleased with the public's response to the service and stated that Mesa's light rail station at Sycamore and Main Street is the busiest station throughout the system.

In response to a question from Councilmember Somers, Mr. Simonetta clarified that although METRO has not conducted a study to determine the success of economic development along the light rail corridor, it was his understanding that "the intensity of development" along the light rail line in downtown Phoenix and downtown Tempe is significant.

Mayor Smith commented that in speaking with his fellow mayors in Phoenix and Tempe, those communities have identified approximately \$7 billion in transit-related projects along the light rail corridor that would not have occurred had it not been for the development of light rail.

Mr. Simonetta further remarked that with passage of Proposition 400, which includes funding for the expansion of high capacity transit (i.e., light rail), METRO has included in its plans the expansion of such service into downtown Mesa. He explained that for the last two years, METRO has worked with the City of Mesa and the community to obtain feedback relative to various alignment options, station locations and the technology that would be utilized.

Mr. Grote reported that METRO is charged with developing the 57-mile program that is identified in the Maricopa Association of Governments' (MAG) Regional Transportation Plan. He advised with the completion of the initial 20 miles, there are additional projects in various stages of development around the region, including the Central Mesa Corridor Project, which METRO hopes to be operational by 2015.

Mr. Grote highlighted the community's feedback and objectives with regard to the Central Mesa Corridor Project as follows:

- It would be better in the long-term to serve the East Valley with a light rail transit (LRT) extension east to Gilbert Road.
- Gilbert Road would offer an optimal Park-N-Ride opportunity.
- Mesa Drive would most likely be the end of line initially.
- Improved LINK bus rapid transit (BRT) service to match LRT frequencies.
- Improved and expanded bus service to connect with the LRT.
- Better transit service to ASU Polytechnic Campus/Gateway.
- Promote economic development by connecting Mesa residents and employment to other regional centers.
- Promote the integration of the LRT and land use planning to support sustainability and livable community initiatives.

Councilmember Somers commented that although the Phoenix-Mesa Gateway Airport is a regional asset, there is currently no bus service to the facility to accommodate those individuals who are traveling on Allegiant Air. He stated that BRT service dead ends at Superstition Springs Center and suggested that it would be in the region's best interest to extend such service to the airport and ASU Polytechnic.

Mr. James responded that City staff has requested that the Regional Public Transportation Authority (RPTA) find a means by which to extend Express or BRT service from the existing Superstition Springs terminus to Phoenix-Mesa Gateway Airport. He explained that there would be an opportunity to do so if Mesa "swaps" bus service identified for Power Road, which is scheduled to begin this summer.

Councilmember Somers stated that it might be appropriate for RPTA representatives to make a presentation to the Council regarding how the extension of BRT service to Gateway/ASU Polytechnic would be accomplished.

Mayor Smith expressed support for the Gilbert Road extension in the long-term due to the fact that the area is approximately halfway between Phoenix-Mesa Gateway Airport/ASU Polytechnic and ASU's Tempe campus. He also noted that Gilbert Road is "a natural transportation collector" and the first road in the eastern part of the community that has freeway off-ramps for the Loop 202 and U.S. 60.

Discussion ensued relative to the fact that METRO's scope of work is somewhat constrained due to funding put into place by Proposition 400 and its mission is to implement a 57-mile high capacity transit corridor; and that MAG is developing another iteration of a future transit plan for the region in its Regional Transit Framework Study, which would possibly extend the transit corridors beyond 2025.

Mr. Grote referred to a map entitled "Central Mesa Corridor Study Preliminary Recommendation" (Page 3 of Attachment 3) and stated that it is METRO's recommendation to extend the LRT initially to Mesa Drive, but with a long-term vision of extending it to Gilbert Road. He explained that funding currently does not exist to extend the line to Gilbert Road. He noted, however, that Gilbert Road would be a better terminus, especially with the Gilbert Road transit services that will be implemented in the near future and the ability to connect with the BRT to Power Road. Mr. Grote also reviewed a document illustrating the demand for riders accessing the light rail system at Mesa Drive as compared to Gilbert Road.

Further discussion ensued relative to the fact that MAG's Regional Transportation Plan includes a 2.7 mile corridor extension from Sycamore to Mesa Drive; that the Transit Life Cycle Program (TLCP) assumes 53% of the funding for the project would be derived from the Federal Transit Administration (FTA) and 47% from the Regional Public Transportation Fund; and that Mesa would not be required to provide funding for the project as long as it remained within the allotted budget of \$194 million (2008 dollars).

Mr. Grote continued with the presentation and provided a short synopsis of the FTA's "New Starts" process that must be undertaken in order to receive Federal funding for the project. He highlighted various FTA readiness milestones including, but not limited to, the selection of a locally preferred alternative; New Starts evaluation (i.e., cost effectiveness, economic

development); capital/operations estimates; finance plan; project management plans; and risk analysis.

Additional discussion ensued relative to the fact that the first phase of the alternative analysis is to make a recommendation of an alignment/route and to consider specific transit options (i.e., light rail, bus rapid transit or local bus); and a comparison of BRT and LRT as it relates to construction costs, hourly capacity, operational flexibility and economic development.

Mr. Soronson further highlighted a document entitled "Central Mesa Tier 2 Alternatives" (Page 6 of Attachment 3), which illustrates three route alternatives (1st Street, Main Street and 1st Avenue) into the downtown Mesa area. He explained that in evaluating which alignment would be preferred, METRO considered various criteria including traffic issues, land use, populations served, environmental issues, historic properties, design and constructability issues, economic development potential, rider benefits and costs (capital and operations and maintenance). Mr. Soronson also noted that additional considerations included travel lanes and left turns, on-street parking, bicycle lanes and pedestrian crosswalks.

Mr. Soronson commented that based on the above-referenced criteria, METRO is prepared to make a preliminary recommendation that Main Street is the preferred alignment. He explained that Main Street has the closest proximity to major downtown activity centers (i.e., City Hall, Mesa Arts Center, retail), would minimize travel times, offers the greatest economic development opportunities and would reduce property requirements (i.e., possible condemnation of 1st Street and 1st Avenue).

Mr. Soronson, in addition, referenced the PowerPoint presentation and provided a comparative overview of preliminary ridership forecasts, capital cost estimates and a preliminary capital cost differential as it relates to BRT (Main Street – 2 and 4 lanes), LRT (Main Street – 2 and 4 lanes), LRT (1st Avenue) and LRT (1st Street).

Extensive discussion ensued relative to the fact that METRO has determined that Horne is not an optimal location for an end-of-line Park-N-Ride lot; that it is recommended that the lot be moved to Mesa Drive, which would reduce costs by \$25 to \$30 million, and serve as an interim location; and that in Phase II of the project, Gilbert Road would be end of the line (possible option for local funding).

Mr. Soronson concluded his presentation by summarizing METRO's preliminary recommendations. (Page 10 of Attachment 3) He also commented that in response to concerns expressed by downtown merchants, METRO has created a potential construction schedule as follows: "heavy construction" between Country Club and Hibbert during the summer months commencing in 2012; east of Hibbert in the summer of 2013; guideway construction on the west half of Main Street in downtown Mesa in 2013; and the remainder of the construction in the downtown area in the summer of 2014. Mr. Soronson added that such a schedule would allow full access to the downtown merchants during their peak season (October-May).

Further discussion ensued relative to a timetable of upcoming public outreach meetings and tentative action by the City Council, the METRO Board of Directors and MAG Regional Council with regard to the locally preferred alternative; upcoming steps in the process (initiating Federal environmental documentation, forming a Downtown Mesa stakeholder group to define criteria

for downtown urban design elements and initiating preliminary engineering); and a comparison of 2-lane versus 4-lane configurations on the Main Street alignment corridor.

Mayor Smith thanked everyone for the comprehensive presentation. He clarified that at the May 18, 2009 Council meeting, the Council would take action on METRO's recommendation with regard to Main Street as the preferred alignment.

4. Hear reports on meetings and/or conferences attended.

Councilmember Somers: Superstition Springs Transit Center Groundbreaking

5. Scheduling of meetings and general information.

City Manager Christopher Brady stated that the meeting schedule is as follows:

Saturday, March 28, 2009, 8:00 a.m. – District 3 Pancake Breakfast, Fire Station 204

Thursday, April 2, 2009, 7:30 a.m. – Study Session

6. Items from citizens present.

There were no items from citizens present.

7. Adjournment.

Without objection, the Study Session adjourned at 9:36 a.m.

SCOTT SMITH, MAYOR

ATTEST:

LINDA CROCKER, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 26th day of March, 2009. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK